



ORIGINAL

UNITED STATES MARINE CORPS

MARINE FORCES RESERVE  
4400 DAUPHINE STREET  
NEW ORLEANS, LOUISIANA 70146-540

ForO 5200.1B

Compt

05 AUG 2002

FORCE ORDER 5200.1B

From: Commander, Marine Forces Reserve  
To: Distribution List

Subj: INTERNAL MANAGEMENT CONTROL (IMC) PROGRAM

Ref: (a) 31 U.S.C. § 3512  
(b) OMB Circular No. A-123, Revised 21 June 95, titled  
"Management Accountability and Control" (NOTAL)  
(c) SECNAVINST 5200.35D  
(d) MCO 5200.24C

Encl: (1) Optional Management Control Evaluation Checklist  
(2) Marine Forces Reserve Assessable Unit List  
(3) Guidance for Management Control Evaluations  
(4) Sample Statement of Assurance Letter Format  
(5) Sample Management Control Evaluation Summary Format  
(6) Sample Material Weaknesses/Accomplishments Format

1. Purpose. To prescribe requirements and due dates for the Internal Management Control Program required by the references.

2. Cancellation. ForO 5200.1A.

3. Information. Headquarters, Marine Corps requires all major commands to evaluate their systems of internal management controls each year as part of the Marine Corps-wide Internal Management Control (IMC) Program. The centerpiece of the IMC program is the management control evaluation process, performed by designated assessable units throughout the command. This order summarizes the requirements for an assessable unit to perform, document, and report an annual Management Control Evaluation (MCE). At a minimum, an MCE must include a written description of existing internal management controls, how the controls were tested, who performed the tests, all test results, and any recommended corrective actions. MCEs are intended to be a management asset, and all units should conduct their MCEs with that in mind. Units are encouraged to assume ownership of the program and use it to improve the unit's management practices.

Although not required to complete a successful MCE, enclosure (1) is an optional checklist to facilitate the setup of the MCE process.

4. Responsibilities. The AC/S Comptroller, Resource Evaluation and Analysis (RE&A) Officer will assume responsibility for the Force IMC Program. In accordance with the references, the RE&A Officer will:

- a. Develop program policy and procedures.
- b. Provide management, coordination, and oversight of the Force IMC Program.
- c. Establish and maintain the Force inventory of assessable units and major functions.
- d. Periodically review the systems of internal management controls and MCE processes in place to ensure compliance with this order and the references.
- e. Compile the results of annual unit MCEs and draft the Force's annual statement of assurance letter to CMC (RFR).
- f. Monitor all identified material weaknesses and track all corrective actions taken by Force assessable units.
- g. Provide IMC training as necessary.

5. Action. Commanding officers and/or officers-in-charge of the assessable units listed in enclosure (2) will conduct the annual MCE process in accordance with the references. Commanding officers and officers-in-charge of each assessable unit will:


- a. Review the list of assessable units and major functions described in enclosure (2) each calendar year. Notify the AC/S Comptroller (RE&A) of any changes or additions to the list of assessable units or major functions.
- b. Perform an MCE and submit a statement of assurance letter to the Commander, Marine Forces Reserve (Comptroller RE&A), each calendar year. Guidance for the performance of an MCE is supplied in enclosure (3); the format for the statement of assurance letter is contained in enclosure (4); and the format used to summarize the MCE is contained in enclosure (5).

c. Report all identified weaknesses in the unit's systems of internal management controls to the RE&A Officer as an attachment to the annual statement of assurance letter (if applicable). Enclosure (6) contains the format used to report any identified material weaknesses, subsequent corrective actions, and other management control accomplishments.

d. Submit the required statement of assurance letter and MCE summary by the assigned due date. Statement of assurance letters with the attached MCE summary are due to the AC/S Comptroller (RE&A) via the chain of command each year no later than 31 July.

e. Maintain all documentation of annual MCEs at the unit level for the current year plus the previous five years.

6. The point of contact for the Marine Forces Reserve Internal Management Control Program is the AC/S Comptroller RE&A Officer.

  
J. H. WATSON  
Chief of Staff

DISTRIBUTION: A1

OPTIONAL MANAGEMENT CONTROL EVALUATION CHECKLIST

Completion of this checklist is not a substitute for conducting a management control evaluation (MCE). However, it may reduce the amount of time required to set up and conduct one.

1. Applicable Guidance:

Is applicable guidance (MCO 5200.24C, ForO 5200.1B) available to personnel responsible for internal management controls?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

2. Responsibilities of the Assessable Unit:

a. Has a Management Control Officer been assigned specific responsibility for implementing the Internal Management Control Program at the assessable unit?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

b. Are managers evaluated on how effectively they administer internal management controls, i.e., are significant accomplishments or deficiencies documented in appropriate annual appraisals or fitness reports?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

c. Have responsible officials and the Management Control Officer received training on how to perform management control evaluations?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

3. Performance of a Management Control Review (MCR):

a. Has the person responsible for conducting the management control evaluation been assigned and trained to conduct the MCR?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

b. Has the desired scope of the annual MCR been defined to describe what will be reviewed?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

Enclosure (1)

c. Have target dates for the annual start and completion of the MCR been established?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

d. Have the functions and responsibilities of the assessable unit been identified?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

e. Has the guidance applicable to the assessable unit (e.g., MCOs, ForOs, instructions, SOPs) been identified?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

f. Are current copies of the applicable guidance readily available for appropriate personnel?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

g. Does applicable guidance provide adequate policies and procedures for the assessable unit?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

h. Have the actions or steps taken to accomplish the functions of the assessable unit, including input and output processes, been identified?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

i. If these actions or steps are identified in an organizational manual, directive, SOP, etc., is the appropriate guidance identified?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

j. Have the potential risks for fraud, waste, abuse of the assessable unit's resources been identified?

(1) Yes \_\_\_\_\_

(2) No \_\_\_\_\_

k. Have internal management controls that are designed to reduce or eliminate potential for fraud, waste, abuse of the assessable unit's resources been identified?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

1. Have the assessable unit's internal management controls been tested?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

m. Is the testing of the internal management controls fully documented? Have the test subjects, e.g., documents examined, steps and actions observed, personnel interviewed, and assessable unit functions been identified?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

n. Is the assessable unit in compliance with all applicable internal control standards listed in appendix A to enclosure (1) of reference (d)?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

4. Performance of an Alternative Management Control Review (AMCR) (If applicable):

a. Does the AMCR and related information accurately assess all internal management control systems and is it fully documented?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

b. Have the results of the AMCR been reported in the proper format and included in the annual statement of assurance letter?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

5. Reporting Requirements:

a. Are the major functions listed under the assessable unit in enclosure (2) of ForO 5200.1B accurate? If not, was the RE&A Officer notified?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

b. Have the results of the MCR or AMCR been collected, summarized in an attachment to the statement of assurance letter, and forwarded to the Commander, Marine Forces Reserve, AC/S Comptroller (RE&A) via the chain of command?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

Enclosure (1)

c. If the MCE (MCR or AMCR) identified a weakness in the unit's internal management controls, was the weakness reported in an attachment to the annual statement of assurance letter?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

d. Was the statement of assurance letter completed and submitted to the AC/S Comptroller RE&A Officer by 31 July?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

e. If the action required to correct an internal management control weakness is outside of the assessable unit's responsibility, has the individual, division or organization that has responsibility been identified and provided with a copy of the MCE summary and supporting documentation?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

6. Documentation and Record-keeping:

Have copies of statement of assurance letters, MCRs, AMCRs, and all supporting documentation been maintained in the assessable unit's Management Control Evaluation files for the current year plus the previous five years?

(1) Yes \_\_\_\_\_ (2) No \_\_\_\_\_

MARINE FORCES RESERVE ASSESSABLE UNIT LIST

1. The following lists the assessable units (e.g., G-1, PAO, MCRSC) underneath the Commander, Marine Forces Reserve. Each assessable unit is to conduct a Management Control Evaluation (MCE) and submit both the statement of assurance letter (enclosure 4) and the MCE summary (enclosure 5) to the AC/S Comptroller (RE&A) no later than 31 July.

2. Following each assessable unit is a suggested list of major functions that should be the focus of that unit's MCE. Each unit should review the list of functions for detail, accuracy, and applicability and submit any changes with the annual MCE summary (enclosure 5). Units should direct their MCE efforts to areas most vulnerable to fraud, waste, and/or abuse.

a. MARFORRES G-1 (Administration)

- Manpower Management
- Policy and Procedure Development
- Travel (TAD/PCS) Orders
- IMA and IRR Administration
- Awards
- Postal Support
- Recruiting and Retention Programs
- Personnel Readiness Programs

b. MARFORRES G-2 (Intelligence)

- Intelligence Detachments Management
- Special Security Office Management
- Intelligence Equipment Management

c. MARFORRES G-3 (Training)

- Readiness Management
- Mobilization Coordination
- Training Programs Management
- Government Programs Support
- Counter-Narcotics Operations Support
- Training Exercise Employment Plan (TEEP) Management
- Commercial Ticket Program

d. MARFORRES G-4 (Logistics)

- Exercise Support
- Critical Low-density Repairables



UNICOR Program  
Anniston Program  
SERVMART  
STAP  
Transportation of Things  
Transportation of Personnel  
Meal Cards

e. MARFORRES G-5 (Plans)

OPLAN Development Policies and Procedures  
TPFDD Development Policies and Procedures  
GCCS Database Management  
Integrated Priority List Management  
MROC Issue Management  
CEAB Issue Coordination

f. MARFORRES G-6 (Communications)

Communications Security (COMSEC)  
IT Equipment Procurement  
C4I Training Programs  
Frequency Management  
Information Assurance Programs  
SIPRNET Management  
DMS and AUTODIN Systems  
C4 Equipment Policies and Procedures  
Garrison Communications/IT Management  
MARFORRES EITA Program

g. MARFORRES G-7 (Inspector)

Command Inspection Program (CIP)  
Inspection Programs, Policies, and Procedures  
Equal Opportunity Program  
Request Mast Program

h. Comptroller

Fiscal Records and Policies (non-MCRSC)  
PPBS, POM, and Budget Execution Processes  
Disbursing/Travel Claims Management  
Internal Review Policies and Procedures

i. Facilities

Facilities Engineering Management (tenant and owner)  
Property Control Management  
Ground Safety Management  
Environmental Management  
Armory Certification Program  
Facilities-specific Financial Management

j. Public Affairs Office

Public Affairs Policies and Procedures  
Community Relations (Funeral Honors, Toys 4 Tots, Band)  
TAVSU/REPRO Management  
Internal/External Media Management

k. Staff Judge Advocate/Counsel

Legal Policies and Procedures  
Legal Services  
Witness/Court-martial Participant Travel Order Process  
GCPC/MSPAC Cardholder management

l. MARFORRES Headquarters Battalion

Personnel Administration

m. Marine Corps Community Services

Semper Fit Program  
Marine Corps Family Team Building Program  
Personal and Family Readiness Support Program  
NAF Support

n. Regional Contracting Office

Contract Management  
GCPC Program

o. Chaplain

CHC/RP Management  
Chaplain Functions  
PREP/CREDO Program management  
Family Team Building Support Management

- p. Commanding General, Marine Corps Reserve Support Command  
Staff Sections
- q. Commanding General, Fourth Marine Division  
Staff Sections  
Units
- r. Commanding General, Fourth Force Service Support Group  
Staff Sections  
Units
- s. Commanding General, Fourth Marine Air Wing  
Staff Sections  
Units
- t. Commanding Officer, 3<sup>rd</sup> ANGLICO
- u. Commanding Officer, 4<sup>th</sup> ANGLICO
- v. Commanding General, I MACE
- w. Commanding General, II MACE

## GUIDANCE FOR MANAGEMENT CONTROL EVALUATIONS

1. General. An annual Management Control Evaluation (MCE) is the means for a commander to ensure that all assets under his or her control are not vulnerable to fraud, waste, or abuse. The most common form of an MCE will be a summary of the audits, reviews, and inspections performed at the unit throughout the year, coupled with specific reviews of the areas in the command that were not otherwise inspected that year. If no formal inspections, audits, or reviews were conducted at the command in the previous year, the command itself must conduct a comprehensive internal MCE. In general, an MCE can take one of two forms:

a. Management Control Review (MCR): An MCR is a comprehensive, stand-alone assessment of all systems of internal management controls within an assessable unit. An MCR is typically done when no other source of evaluative information exists.

b. Alternative Management Control Review (AMCR): An AMCR is designed to complement another source of inspection data and prevent the duplication of efforts. If an external evaluating activity (e.g., MCAAT, GAO, FSMAO) visited the command during the last fiscal year and examined part of the unit's internal management controls, the assessable unit should perform an AMCR to cover those areas not tested by the external activity. Ultimately, the unit commander must determine the most appropriate and effective form of MCE to be performed. Regardless of the type of MCE performed in a given year (MCR or AMCR), the evaluation must cover all systems of internal controls for the assessable unit.

2. Performance of an MCR. The MCR is a comprehensive, detailed examination of the system of management controls in an assessable unit to determine the adequacy of controls and to identify and correct deficiencies. MCRs should be conducted only when a reliable alternative source of information is not available and the review is expected to produce otherwise unavailable awareness of the status of the unit's internal controls. When performing an MCR, be certain to document each step. Use the following steps to simplify reporting procedures:

a. Develop a Plan

(1) Define the desired scope of the MCR to be performed and describe the subject of review in detail.

Enclosure (3)

(2) Assign personnel to conduct the MCR and set target dates for completion of the MCR.

b. Describe the Functional Responsibilities. Describe the functions and responsibilities of the assessable unit. (Ask the question, "What am I supposed to do?").

(1) Describe the functions and responsibilities of the assessable unit as it relates to your command or activity (e.g., mission statement, standard operating procedures).

(2) List the applicable guidance for the assessable unit (e.g., Marine Corps Orders, Force Orders, Instructions, SOPs).

(3) Ensure that current copies of the applicable guidance are readily available.

(4) Identify any guidance that is not locally available, is outdated or provides inadequate policy and procedures. The existence of this situation indicates a weakness in the assessable unit that requires corrective action.

c. Describe How the Unit Function is Accomplished. Describe how the assessable unit performs its assigned tasks. (Ask the question, "How do I do the assigned job?")

(1) List the actions or steps taken to accomplish the functions of the assessable unit including input and output processes.

(a) If these actions or steps are identified in an organizational manual, mission statement, SOP, etc., identify the appropriate guidance.

(b) If guidance is not available or current, summarize the list of actions or steps as they currently exist.

(2) Identify and describe the potential risks for fraud, waste, abuse and/or mismanagement of the assessable unit's resources (Ask the question, "What can go wrong?").

(3) Identify the actions that reduce the risks described above. These actions represent the internal management controls for the assessable unit.

Enclosure (3)

(4) Identify those risks for which current controls are inadequate or excessive. Some risk will be obvious because there will be no control or control will be excessive. Other risks identified will require managerial judgment. Some risks may have several controls that if taken individually are inadequate, but combined act as an acceptable level of control. Identify the applicable federal government standard from appendix A to enclosure (1) of reference (d) that is not met for those risks with inadequate controls.

d. Evaluate the System. Test the effectiveness of the controls identified in step 2c(3) and determine if the controls are adequate (working as intended), nonexistent, weak, or excessive.

(1) Test the effectiveness of the controls and determine if the Federal government internal control standards are being met. Select a representative number of transactions, reports, etc. Use any or all of the following testing techniques:

(a) Review. Examine the selected sample for accuracy, completion, timeliness, appropriate approving signatures, applicable supporting documents, etc.

(b) Observation. Observe the performance of each step to determine if procedures and controls are being followed.

(c) Test document. Prepare and submit test documents to determine the effectiveness of controls. These documents could contain incomplete and inaccurate data, a fictitious or inappropriate authorizing signature, etc.

(d) Interview. Talk with the personnel directly involved with the assessable unit to determine their awareness of procedures, responsibilities and controls.

(2) Testing must be fully documented by identifying:

(a) The transactions, documents, reports, etc. tested.

(b) Steps and actions observed.

(c) Personnel interviewed and their assessable unit responsibilities.

Enclosure (3)

e. MCR Results. Identify weaknesses discovered during the review, the corresponding corrective actions and estimated completion dates.

(1) For weaknesses identified in 2b(4), 2c(4), 2d of the review provide:

(a) A brief description of each weakness identified and actions to be taken or completed to correct the weakness.

(b) An estimated completion date for each required corrective action or actual date completed.

(2) The reporting format is provided in enclosure (5).

(3) If a particular corrective action is outside your cognizance, identify the individual, division or organization that has responsibility and provide them a copy of the review and any supporting documentation.

3. Performance of an AMCR. Use an AMCR to supplement an existing audit or inspection by an outside agency or activity. AMCRs may use the results of audits, computer security reviews, quality assessments, financial systems reviews, inspections and studies by external agencies or command organizations. The AMCR should be structured similar to an MCR, but should exclude those areas already reviewed by the external activity. If applicable, the AMCR can substantially reduce the amount of effort required to ensure the adequacy of internal controls. This type of review may use procedures developed for other organizational purposes that provide adequate information on the effectiveness of control techniques. The unit must ensure that the scope of the AMCR is enough to verify the adequacy of all internal management controls within the assessable unit.

4. Documenting the MCE. Adequate MCE documentation includes the statement of assurance letter plus a written description of internal management controls, how controls were tested, results of the test, who performed the test, and all findings and recommended corrective actions. Documentation should be sufficient to be understandable to a reasonably knowledgeable reviewer. The appointed management control officer must retain a copy of the assessable unit's MCE documentation. Report all MCE results using the statement of assurance letter outlined in enclosure (4) and the summary format outlined in enclosure (5).

Enclosure (3)

Do not forward excess paperwork to the AC/S Comptroller RE&A beyond the required assurance letter and MCE summary. The assessable unit should keep all detailed MCE files for the current year plus the previous five years.

Enclosure (3)



SAMPLE STATEMENT OF ASSURANCE LETTER FORMAT

From: (Commanding Officer/Officer-in-Charge, Unit)  
To: Commander, Marine Forces Reserve, AC/S Comptroller (RE&A)  
Subj: MANAGEMENT CONTROL CERTIFICATION STATEMENT AND RESULTS OF  
MANAGEMENT CONTROL EVALUATIONS FOR (ASSESSABLE UNIT NAME)

Ref: (a) 31 U.S.C. § 3512  
(b) MCO 5200.24C  
(c) ForO 5200.1B

Encl: (1) Current Year Accomplishments (summary of evaluation results, audits, inspections, and/or reviews)  
(2) Current Year Material Weaknesses and Corrective Actions Taken- Actual and Prospective (if necessary)  
(3) Prior Year Material Weaknesses- Status of Corrective Actions (if necessary)

1. This unit has evaluated the systems of internal management controls in effect during the current year ending 31 July. The evaluation was performed per Marine Corps policy contained in the references. Internal Management Control Program accomplishments and identified material weaknesses are detailed in the enclosures.

2. (Include one sentence of the following three: "I have reasonable assurance that management controls are in place and operating effectively, and the objectives of the Federal Managers' Financial Integrity Act were achieved"; "I have reasonable assurance that management controls are in place and operating effectively, except for the material weaknesses noted in the enclosures, and the objectives of the Federal Managers' Financial Integrity Act were achieved"; or, "I do not have reasonable assurance that management controls are in place and operating effectively, and the objectives of the Federal Managers' Financial Integrity Act were not achieved.")

3. This statement is based on the results of the management control evaluation completed by (Rank/Grade, Name, SSN) on (date), and/or on knowledge gained from sources detailed in the enclosures.

Signed by Unit Commander

SAMPLE MANAGEMENT CONTROL EVALUATION SUMMARY FORMAT

NOTE: This enclosure to the statement of assurance letter will briefly outline the results of the annual management control evaluation (MCE). The unit should maintain the formal documentation of the MCE in the unit's records. Be sure to include a list of all external sources of evaluative information.

1. Unit name.
2. Internal Control Systems in Place.

(List the existing systems of internal management controls within the unit.)

3. Evaluation of Procedures.

The controls identified above were tested to evaluate their adequacy and effectiveness by (rank/grade/name/SSN) on (date) by means of a Management Control Review or Alternative Management Control Review coupled with the following additional evaluative results: (List the additional source(s) of evaluative information, including all identifying information, e.g., audit agency, event number, date conducted, inspector name, etc. See enclosure (3) for details.)

4. Results.

(Discuss all relevant findings from the MCE.)

5. Conclusions.

(Discuss any conclusions.)

NOTE: If a material weakness in internal control is discovered during the conduct of the annual MCE, draft a document similar to this one describing the weakness and the necessary corrective actions. Attach it as a second enclosure to the statement of assurance letter. A sample format for describing a material weakness and its corresponding corrective action is outlined in enclosure (6).

SAMPLE MATERIAL WEAKNESSES/ACCOMPLISHMENTS FORMAT

NOTE: This enclosure to the statement of assurance letter will document any internal control weaknesses discovered during the MCE (MCR or AMCR) as described in enclosure (3), and will also document all action taken in the past year to correct weaknesses discovered in prior years (Management Control Accomplishments).

Description of Material Weakness (or Corrective Action):  
(Provide a brief narrative summary describing the material weakness (or correction) and its scope, e.g., local, area wide, service-wide.)

Functional Category: (Indicate which Management Control Reporting Category listed in appendix B to enclosure (1) of reference (d) is applicable to this material weakness.)

Corrective Action: (Summarize the corrective actions planned.)

Target Date: (Indicate the targeted correction date.)

Validation Process: (Briefly explain how the effectiveness of the corrective action(s) will be demonstrated.)

Results Indicators: (Describe key results that have been or will be achieved. Quantitative and/or qualitative measures that determine the benefits derived or that will be derived from the corrective action(s), and the overall impact of the correction on operations should be described. If the amount of monetary benefits can be determined, it should be reported here.)

Source(s) Identifying Weakness: (Material weaknesses may be identified by Management Control Reviews or perhaps by any of the following: (a) DoDIG audits, (b) NAVAUDSVC audits, (c) GAO audits, (d) MCNAFAS audits, (e) MCAAT audits, or (f) other sources. When audit findings are the source of the material weakness identification, provide the title, report number, and date of the audit report that identified the weakness. If the weakness was identified by more than one source, list all identifying sources in order of significance.)

Major Milestones in Corrective Action: (Provide a milestone chart that indicates actions taken and actions planned. It

should be separated into three categories: (a) completed milestones, (b) milestones to be achieved during the next fiscal year, and (c) milestones to be achieved after the next fiscal year. Report milestones in chronological order. The final milestone reported must be the milestone associated with verification of the corrective actions. For most material weaknesses this final milestone will consist of achieving the validation reported in the preceding item labeled "Validation Process." All planned milestones should reflect a specific date, by month and year, listed below this paragraph.)

Completed Milestones: (List Milestones)

Planned Milestones, Next FY: (Date, Milestone)

Planned Milestones, Beyond Next FY: (Date, Milestone)

Point of Contact: (The name and telephone number of the official responsible for administering implementation of all identified corrective actions for this material weakness.)